

Financial statements of

MOORELANDS COMMUNITY SERVICES

December 31, 2015

Audited Financials

Tinkham & Associates LLP

CHARTERED ACCOUNTANTS

D C Tinkham, FCPA, FCA, LPA, CMC
Associates
P J Brocklesby, CPA, CA, LPA
M Tkachenko, CPA, CA
MWG Rooke, CPA, CA, LPA
A C Callas, CPA, CA
SJ Gomes, CPA, CA

2842 Bloor Street West, Suite 300
Toronto, Ontario, Canada M8X 1B1
Telephone (416) 233-2139
1(877) 283-3305
Facsimile (416) 233-1788
associates@tinkhamca.com

INDEPENDENT AUDITORS' REPORT

To the Members of
Moorelands Community Services

We have audited the accompanying financial statements of Moorelands Community Services, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Moorelands Community Services as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

TORONTO, Ontario
March 30, 2016

Tinkham & Associates LLP
CHARTERED ACCOUNTANTS

Licensed Public Accountants


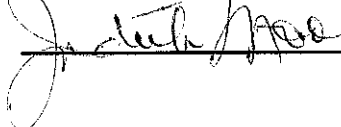
Moorelands Community Services
Statement of Financial Position

As at December 31	2015	2014
Current assets		
Cash	\$ 333,532	\$ 480,285
Short-term investments (note 3)	591,098	369,298
Accounts receivable	966	7,825
Sales tax receivable	24,649	24,935
Prepaid expenses and other assets	34,975	28,877
	985,220	911,220
Current liabilities		
Accounts payable and accrued liabilities	22,648	32,001
Deferred contributions (note 4)	15,575	47,100
	38,223	79,101
Net working capital	946,997	832,119
Internally restricted investments (note 3)	412,231	404,455
Cash surrender value of life insurance	27,026	12,591
Capital assets (note 5)	2,487,170	2,664,695
	\$ 3,873,424	\$ 3,913,860
Fund balances		
Restricted funds (note 6)	\$ 1,386,254	\$ 1,249,165
Invested in capital assets	2,487,170	2,664,695
	\$ 3,873,424	\$ 3,913,860

Commitments (note 7)

See accompanying note to financial statements.

On behalf of the Board:

 Director
 Director

Moorelands Community Services
Statement of Operations and Changes in Fund Balances

Year ended December 31	General Fund		Restricted Funds (note 6)		Invested in Capital Assets		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues								
Donations and grants	\$ 1,130,189	\$ 951,329	\$ 17,350	\$ 4,200	\$ -	\$ -	\$ 1,147,539	\$ 955,529
Program fees	147,662	136,944	-	-	-	-	147,662	136,944
Legacies	50,000	50,000	96,585	584,906	-	-	146,585	634,906
Gifts in kind	73,944	73,532	-	-	-	-	73,944	73,532
Investment income (note 3)	50,593	51,053	4,026	23,777	-	-	54,619	74,830
Facility rentals	46,045	44,159	-	-	-	-	46,045	44,159
Tax rebates	5,602	5,550	-	-	-	-	5,602	5,550
	1,504,035	1,312,567	117,961	612,883	-	-	1,621,996	1,925,450
Expenses								
Camp	752,352	767,556	-	-	-	-	752,352	767,556
City programs	291,308	442,170	-	-	-	-	291,308	442,170
Fundraising	268,728	225,217	-	-	-	-	268,728	225,217
Administration	91,159	111,805	-	-	-	-	91,159	111,805
Public awareness	72,099	72,087	-	-	-	-	72,099	72,087
Amortization	-	-	-	-	186,786	199,536	186,786	199,536
	1,475,646	1,618,835	-	-	186,786	199,536	1,662,432	1,818,371
Excess (deficiency) of revenue over expenses for the year	28,389	(306,268)	117,961	612,883	(186,786)	(199,536)	(40,436)	107,079
Inter-fund transfers (note 6)	(28,389)	306,268	28,389	(306,268)	-	-	-	-
Invested in capital assets	-	-	(9,261)	-	9,261	-	-	-
Net change in fund balance	-	-	137,089	306,615	(177,525)	(199,536)	(40,436)	107,079
Balance, beginning of year	-	-	1,249,165	942,550	2,664,695	2,864,231	3,913,860	3,806,781
Balance, end of year	\$ -	\$ -	\$ 1,386,254	\$ 1,249,165	\$ 2,487,170	\$ 2,664,695	\$ 3,873,424	\$ 3,913,860

See accompanying notes to financial statements.

Moorelands Community Services
Statement of Cash Flows

Year ended December 31	2015	2014
Cash provided (used) by operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ (40,436)	\$ 107,079
Items not affecting cash		
Amortization	186,786	199,536
Realized (gain) loss on investments	2,566	(2,250)
Unrealized (gain) loss on investments	(396)	8,830
	148,520	313,195
Changes in non cash working capital balances:		
Accounts receivable	6,859	(6,715)
Government grant receivable	(14,435)	(12,591)
Sales tax receivable	286	5,508
Prepaid expenses	(6,098)	1,822
Accounts payable and accrued liabilities	(9,353)	(3,274)
Deferred revenue	(31,525)	(28,860)
	(54,266)	(44,110)
Net cash provided by operating activities	94,254	269,085
Cash (used) by investment activities:		
Net proceeds from sale (purchase) of short-term investments	(225,554)	(41,895)
Net proceeds from sale (purchase) of internally restricted investments	(6,192)	(30,336)
(Purchase) of capital assets	(9,261)	-
Net cash (used) by investment activities	(241,007)	(72,231)
Net increase (decrease) in cash	(146,753)	196,854
Cash, beginning of year	480,285	283,431
Cash, end of year	\$ 333,532	\$ 480,285

See accompanying note to financial statements.

Moorelands Community Services

Notes to Financial Statements

December 31, 2015

1 Nature of operations

Moorelands Community Services ("the Organization") is a charitable organization that works with Toronto children and youth affected by poverty, to provide them with positive and fun experiences to help strengthen their confidence, competence, and character. These goals are achieved through a summer wilderness camping experience at Moorelands Camp and year-round city programs, including after-school and leadership programs and city summer day camp.

The Organization was founded in 1912 and incorporated as a non-profit organization without share capital in 1917 under the Laws of Ontario. The Organization is a registered charity under the Canadian Income Tax Act and is exempt from income tax provided certain criteria are met.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Significant accounting policies are:

(a) Basis of Accounting

The Organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources and grants that are designated for specific operating purposes.

The Net Investment in Capital Assets Fund reports the revenues that have been invested in capital assets.

The Restricted Funds report the contributions which have been designated by the Board or by the donor for a specific purpose and are not available for unrestricted purposes without approval of the Board of Directors. The restricted funds are comprised of the following:

- (i) The Capital Fund reports the contributions which have been designated, by the donor or by the Board, to be used for the acquisition of capital assets, and reports the expenses directly related to such acquisitions.
- (ii) The Operating Reserve Fund was established to provide the Organization with financial stability in the event of an unforeseen crisis, including a significant drop in fundraising revenues. The goal is to maintain the fund at an amount equal to 50% of the Organization's annual operating budget.
- (iii) The Bursary Fund reports contributions that are required by the contributors to be permanently held as capital. The income earned on these contributions is transferred to the operating fund annually.
- (iv) The Endowment Fund reports contributions that are required by the contributors to be permanently held as capital. Each year a total of 4% of the book value of the Endowment Fund investment pool will be transferred to the operating fund. In years when the investment return exceeds the 4% target, the excess earned income will remain in the Endowment investment pool; in years when the return falls short of the 4% target, the income will be augmented by a withdrawal of capital.

(b) Cash

Cash includes cash deposits in the bank.

(c) Investments

Money market funds and marketable securities are recorded at market values.

Guaranteed investment certificates are recorded at amortized cost which approximates fair value.

Moorelands Community Services

Notes to Financial Statements

December 31, 2015

2 Significant accounting policies (continued)

(d) Capital assets

The Organization records capital assets at cost less accumulated amortization. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the consolidated statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases. As at December 31, 2015, no such impairment exists.

Capital assets are depreciated over their estimate useful lives using the straight-line basis over the following periods:

Buildings	20 years
Equipment, furniture, and fixtures	3 1/3 - 10 years
Vehicles	3 1/3 years
Vehicles - Water	3 - 10 years
Telephone system	5 years
Computer equipment	3 years
Computer software	5 years

(e) Deferred contributions

Deferred contributions represent the deferred portion of contributions and funds received for specific projects for which no corresponding restricted fund is presented. Deferred contributions are recognized as revenue when the related expenses are incurred.

(f) Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Special events revenue is recognized on completion of the event.

The Organization may be the beneficiary under various wills and trust agreements. The total realizable amounts are not at present readily determinable. The Organization recognizes such bequests when the proceeds are received.

Investment income earned on Endowment Fund resources is reported in the General Fund in accordance with the restrictions imposed by the fund policy. Other investment income is recognized as revenue of the General Fund on an accrual basis. The unrealized gain or loss on investments, being the difference between book value and fair value, is included in income in the statement of operations.

Camper and program fee revenues are recognized as revenue of the General Fund in the year in which the benefit is derived.

(g) Expenditures

Expenditures are charged to operating expense categories which include camp expense, city programs, public awareness, administration and fundraising according to the activity to which they benefit. The basis of allocation among categories may be revised according to circumstances prevailing at any given time.

Moorelands Community Services

Notes to Financial Statements

December 31, 2015

2 Significant accounting policies (continued)

(g) Expenditures (continued)

Administrative and fundraising expenses are incurred to operate the Organization and its programs in a cost-effective manner while maximizing all opportunities to further the Organization's mission. The Organization allocates certain of its administrative and fundraising expenditures to the operating expense categories based on management's best estimate based on time for labour and usage of materials, and applies that basis consistently each year.

(h) Contributed goods and services

The value of goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services would otherwise be purchased if not donated.

Volunteers provide invaluable donated services to the Organization. Since volunteer time cannot be easily estimated, these contributed services are not recognized in the financial statements.

(i) Financial instruments

(i) Measurement

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures its financial assets and liabilities at amortized cost, except for marketable securities that are quoted in an active market which are measured at fair value based on quoted market prices. Changes in fair value are recognized in the statement of operations.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. The carrying value of these financial assets and liabilities are determined to be at fair value due to the short-term nature of these accounts.

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired.

(j) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Moorelands Community Services

Notes to Financial Statements

December 31, 2015

3 Investments

Short term investments are comprised of the following:

As at December 31	2015	2014
Short term investments		
PH&N Canadian money market fund	\$ 40,492	\$ 37,980
PH&N balanced fund	348,344	331,318
Guaranteed investment certificate including accrued interest of \$2,262	202,262	-
	591,098	369,298
Internally restricted investments		
PH&N balanced fund	412,231	404,455
	\$ 1,003,329	\$ 773,753
Total investments, at quoted market value	\$ 1,003,329	\$ 773,753
Total investments, at cost	\$ 941,413	\$ 718,244

Internally restricted investments are accounted for in accordance with the bursary and endowment fund policy, as described in note 2(f).

Investment income has been recognized in the restricted funds as follows:

Year ended December 31	2015	2014
Endowment	\$ 18,384	\$ 37,156
Bursary	2,350	4,640
(less) transfer 4% of endowment income to operating fund	(14,358)	(13,379)
(less) transfer bursary income to operating fund	(2,350)	(4,640)
	\$ 4,026	\$ 23,777
Total restricted fund investment income	\$ 4,026	\$ 23,777

PH&N Canadian money market fund

The PH&N Canadian money market fund investments are recorded at fair value based on year end quoted market prices. The investment objective of this fund is to provide a steady level of current income while preserving capital by investing in a well-diversified portfolio of short term Canadian money market securities. The underlying investments are comprised of commercial paper, bank deposits, bankers acceptance and provincial bills.

PH&N balanced fund

The PH&N balance fund investments are recorded at fair value based on year end quoted market prices. The investment objective of this fund is to provide long-term capital growth and income by investing primarily in a well-diversified, balanced portfolio of Canadian common stocks, bonds and money market securities. This fund also holds a portion of its assets in foreign common stock. The asset mix is as follows:

Fixed income	32.2%
Canadian equity	30.3%
International equity	15.4%
US Equity	15.2%
Cash	6.8%
Other	0.1%

Moorelands Community Services

Notes to Financial Statements

December 31, 2015

3 Investments (continued)

Guaranteed investment certificate

The guaranteed investment certification ("GIC") has been recorded at amortized cost which approximates fair value. The GIC investment matures January 21, 2016 and bears interest at 1.2%.

4 Deferred contributions

Deferred contributions consist of the following:

	2015			2014	
	Opening	Additions	Revenue	Deferred	Deferred
After school program	\$ 28,500	\$ 8,500	\$ 28,500	\$ 8,500	\$ 28,500
Capital funding	13,600	-	13,600	-	13,600
Wilderness camp	5,000	4,000	5,000	4,000	5,000
Miscellaneous	-	3,075	-	3,075	-
	\$ 47,100	\$ 15,575	\$ 47,100	\$ 15,575	\$ 47,100

5 Capital assets

As at December 31	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 135,363	\$ -	\$ 135,363	\$ -
Building	3,896,330	1,611,352	3,887,069	1,459,416
Equipment, furniture and fixtures	449,757	437,216	449,757	425,469
Vehicles	281,257	247,319	281,257	237,221
Telephone system	41,724	40,016	41,724	38,978
Computer equipment and software	194,922	176,280	194,922	164,313
	\$ 4,999,353	\$ 2,512,183	\$ 4,990,092	\$ 2,325,397
Net book value		\$ 2,487,170		\$ 2,664,695

6 Restricted funds

The restricted funds consist of resources that have been allocated for specific purposes by the Board of Directors. The restricted funds are comprised of the following:

	Opening	Revenue	Expense	Transfers	Ending
Operating reserve	\$ 644,710	\$ -	\$ -	\$ 28,389	\$ 673,099
Capital	200,000	110,185	(9,261)	-	300,924
Endowment	358,955	4,276	-	-	363,231
Bursary	45,500	3,500	-	-	49,000
	\$ 1,249,165	\$ 117,961	\$ (9,261)	\$ 28,389	\$ 1,386,254

For the year ended December 31, 2015, transfers of \$28,389 (2014 - \$306,268) between the General Fund and Restricted Funds were approved by the Board of Directors.

Moorelands Community Services

Notes to Financial Statements

December 31, 2015

7 Commitments

The Organization has entered into lease agreements for its premises and photocopier both expiring on October 31, 2018. The lease for premises contains an option to renew for a further five year term.

Future minimum lease payments, before HST, for the next five years under the operating lease agreements are as follows:

	Premises	Equipment	Total
2016	\$ 64,911	\$ 6,273	\$ 71,184
2017	65,186	6,273	71,459
2018	54,322	5,675	59,997
2019	-	2,685	2,685
2020	-	2,685	2,685

In addition to the minimum lease payments for its premises, the operating lease requires that the Organization be responsible for normal escalations in realty taxes, operating costs and hydro consumption charges over those costs for the 2002 calendar year, which is considered to be the base year.

8 Allocated expenses

Certain administrative and fundraising expenses are allocated by management using their best estimate based on time for labour and usage for materials to the activities which they benefit.

Administrative expenses have been allocated as follows:

Year ended December 31	2015	2014
Moorelands camp	\$ 101,068	\$ 112,738
City programs	29,636	56,638
Fundraising	25,807	33,427
Public awareness	5,755	5,852
	\$ 162,266	\$ 208,655

In addition, fundraising expenses of \$36,000 (2014 - \$36,000) have been allocated to public awareness expenses.

9 Financial instruments

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Organization's risk management objectives and policies. The Board of Directors receives monthly reports from the Organization's Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Moorelands Community Services

Notes to Financial Statements

December 31, 2015

9 Financial instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk through its accounts receivable which are generally unsecured.

The Organization's bank accounts are held at one financial institution. Funds on deposit exceed the maximum amount insured and hence there is a concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. The Organization meets its liquidity requirements by this risk by monitoring cash activities and expected outflows and holding assets that can be readily converted into cash, so as to meet all cash outflow obligations as they fall due.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk reflects the risk that the Organization's earnings will vary due to the fluctuations in foreign currency exchange rates. The Organization is exposed to foreign currency risk to the extent that the investments include U.S. and international equity investments as described in note 3. The Organization manages this risk through controls to monitor and limit concentration levels

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of the Organization to interest rate risk arises from its interest bearing investments and cash. The primary objective of the Organization with respect to its fixed income investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return giving consideration to risk.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments in the market. The Organization is exposed to other price risk through its investment in mutual funds. The Organization manages other price risk by maintaining a well-diversified investment asset mix.

Changes in risk

There have been no changes in risk exposures from the prior year.